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December 6, 1999

TO COUNTY ASSESSORS:

IMPLEMENTATION OF CHANGE IN ELIGIBILITY
AND FILING REQUIREMENTS
FOR WELFARE EXEMPTION, LOW-INCOME HOUSING

No. 99/76

In Letter To Assessors No. 99/58, Welfare Exemption, Low-Income Housing: Change in Filing Requirements, we advised you of the passage of Assembly Bill 1559 (Chapter 927 of the Statutes of 1999; Wiggins). Among other things, that legislation modified the eligibility and filing requirements for the welfare exemption as applied to low-income housing. In this letter, we are asking that you send a notice of these changes to all those who filed claims for exemption for low-income housing in 1999.

Chapter 927 amended section 214(g) of the Revenue and Taxation Code to delete the provision which permitted rental housing to qualify for the welfare exemption on the basis that twenty percent or more of the occupants of the property are lower income households. Thus, beginning with the 2000-01 fiscal year, to qualify for the welfare exemption, low-income housing must (1) be financed with tax-exempt bonds or government-provided loans or grants, or (2) be owned by an organization that is eligible for and receives low-income housing income tax credits.

The statute was further amended to now require that there be a *recorded* deed restriction or an *enforceable and verifiable* agreement with a public agency limiting the property's use to low-income housing. The requirements relating to availability for use or occupation by lower income households and the restrictions as to the rent level remain unchanged.

The changes are effective October 10, 1999, and will be applicable for the January 1, 2000 lien date. We request that you prepare and mail, at your earliest convenience, a copy of the enclosed letter to each claimant who filed for exemption based on section 214(g) in the last year.

If you have any questions concerning these matters, please contact the Policy, Planning, and Standards Division at (916) 445-4982.

Sincerely,

/s/ Richard C. Johnson
Richard C. Johnson
Deputy Director
Property Taxes Department

RCJ:PG:ft
Enclosure

PROPOSED DRAFT LETTER:

Dear Claimant:

Our records indicate that you filed for property tax welfare exemption for real property pursuant to section 214, subdivision (g) of the Revenue and Taxation Code in 1999. The purpose of this letter is to advise you that recent legislative changes have changed the eligibility and filing requirements for this exemption for future years.

Specifically, passage of Assembly Bill 1559 (Chapter 927, Statutes of 1999; Wiggins) eliminated subdivision (g) (1) (A) of Revenue and Taxation Code section 214, which granted exemption if twenty percent or more of the occupants are lower income households whose rent does not exceed that prescribed by Health and Safety Code section 50053. Thus, commencing with the January 1, 2000 lien date, lower income rental housing can qualify for the welfare exemption under section 214(g) only if (1) the property owner is eligible for and receives low-income housing tax credits under section 42 of the Internal Revenue Code; or, (2) the property was acquired, rehabilitated, developed, or operated with financing through tax-exempt bonds or local, state, or federal loans or grants, and the rents are limited by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

Chapter 927 also added the requirement that there must be a *recorded* deed restriction or an *enforceable and verifiable* agreement with a public agency that restricts the eligible property's usage to low-income housing.

When filing for exemption for the 2000-01 assessment year, you will continue to file two forms - the Annual Claim Form (BOE-267A), and the supplemental affidavit Welfare Exemption Supplemental Affidavit Housing-Lower Income Households (BOE-267L). However, you must indicate on the supplemental affidavit the owner's basis of qualification either as (1) a recipient of low-income housing tax credits; or, (2) as a property financed with tax-exempt mortgage revenue bonds or general obligation bonds, or by local, state, or federal loans or grants, subject to lower income household rent limits prescribed by the deed restrictions or regulatory agreements. You will also need to submit a copy of the regulatory agreement or recorded deed restriction with the two forms.

If you have further questions regarding this change in the law, you may contact the _____ [insert county name] County Assessor's office at [insert name of contact person and/or address and telephone number of your office].